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*Giving Place
To New*

THEODORE P. SHONTS



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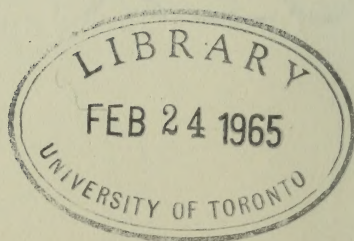
THEODORE P. SHONTS

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The Old Order Changeth *Giving Place to New*

Address before

Detroit Board of Commerce

February 5, 1918.

IT is of great importance, at this crisis in American history, that we have a clear conception of the fundamental problems in the relationship between our local public utilities and the communities they serve.

It is just as important that we see clearly the relationships that should be maintained between the public utility companies and their employees.

The President of the United States on December 28th assumed control of the railroad system of this country; the telegraphs, the telephones, and the express companies remain under private control. These are our national utilities and the problems sur-

rounding them are very different from those governing our local public service enterprises.

The fundamental consideration which guides the policy of the Nation in relation to both the railroads and the local utilities at the moment is necessarily, "what will contribute toward winning and ending the war?" The railroad system of the country, by reason of unrestricted competition plus restrictive legislation, became congested and unmanageable. The intervention of the Government alone could untie the knot. Hence, Government control was undertaken here, just as it was in England, as a purely fortuitous circumstance. The fundamental problems associated with permanent public ownership were not considered, and, at the moment, could not have been considered.

The railroads of the country have been unable in recent years to attract sufficient private capital to enable them to provide facilities ahead of expected requirements. Railroads have been dealt with not with the thought of how they can secure the the greatest expansion of railroad facilities, but how can government so regulate them as to prevent dissatisfaction by shippers over increased rates or to

prevent investors from getting returns on alleged watered stock. Millions of money and years of time have been spent on a valuation enterprise to get rid of the supposed water, and while this was going on the railroads became stagnant for lack of new capital.

Having gone on with that repressive policy we find ourselves, in time of war, with an inadequate railroad system. We might have had a similar breakdown in a time of peace during a great commercial expansion.

While our public utilities are not directly concerned with carrying war goods, their efficient operation is as necessary for the safe economic condition of the country as any other factor which contributes to the backbone and support of our nation at war. Workmen must be carried to and from their work in munition plants and the other activities less conspicuous and just as necessary to the war. It is indispensable that the daily business life and home life be kept moving in a regular orderly way. Furthermore, the operation of city transit lines is in many cases intimately related to problems of lighting, heating and the supply of fuel.

The great facts or principles which in any consider-

ation of problems like these can never be overlooked or forgotten are as follows :

1. Government can impound or take possession of existing wealth, but government can never take possession of wealth which has not been created.

2. Money can be obtained from the public through taxation or it can be obtained by inducing the people to make their savings available for public use.

3. The only way to get people to save effectively and continuously is to make it attractive for them to do so.

4. The greatest inducement for saving will always consist in offering a rate of return on invested money which will serve as an effective compensation to a man for the sacrifice involved.

5. Exactly as water seeks its level so, in the long run, will the savings of the world gravitate to those forms of investment which offer the highest rate of return in proportion to the risk involved.

If these principles be sound, it will immediately appear that public utilities can be financed only if they earn a sufficient return to enable them to attract the necessary capital.

Now let me ask you to take a glance at some of the limitations which surround a modern public utility in this country :

1. Our rates are fixed by public authority. In the case of street railroads, however false the economic principles involved, a five-cent fare has come to be regarded as almost sacred.

2. Our taxes are fixed to suit the ideas of the public authorities and without any just regard to the earning power of the companies.

3. Our wage payments are fixed by changing economic conditions, cost of living, wage boards and by public opinion. Strikes on street railways are very unpopular, and a public utility must continue to operate, even though it must submit to onerous and possibly unjust demands to do so.

4. Our new money—or capital for investment—must be obtained in competition with industries and enterprises of every kind that may offer better or safer returns.

The situation, in short, is this: our only source of revenue is outside the control of the company—and is generally a fixed unit. On the other hand, our expenses mount upward without regard to the revenues.

This is not a complaint; it is a simple statement of

economic fact, which must be considered if a permanent solution of this problem is to be found.

Far be it from me to oppose government regulation. There is no doubt whatever that public utilities should, in the interest of the public, be regulated and I recognize that such regulations must have due regard for the state of public opinion. Likewise, I should be the last to suggest that there have not been many evils in the management of public utilities in the past, the publication of which has alienated public sympathy and created a state of public mind making it exceedingly difficult to regulate utilities with proper regard to the simple business problems involved.

The result, however, of all these factors—the cause for real concern on the part of the public—has been this: extensions of existing lines and the development of new street railways in this country have practically ceased. And, what is of even more serious consequence, the railways are finding greater and greater difficulty in earning revenues sufficient for improved service and more economical equipment, as developed and demanded by the public.

The street railway industry has been peculiar in the extraordinary rapidity with which the mechanical art

underlying it has developed. It was only a few years ago that horse cars were very widely used. Then came the cable car, then the overhead trolley, then the underground trolley. All the time each one of these forms of transportation was being subjected to great improvements, the use of which by the companies had been more and more insisted upon by public opinion.

The result of it all has been that every company has been forced, both for economy's sake and in response to the demand of the public for the best, to abandon useful equipment as obsolete and to get new capital for the new facilities. This has resulted in a constantly increasing ratio of operating cost and the appearance in very many cases of capitalization far in excess of the immediate physical value of the properties. The public mind has been disposed to forget that such capitalization in many cases represented the cost of quickly discarded facilities which had never been amortized at the expense of the public while they were being used by the public.

If those operating an industry, which is undergoing as rapid an evolution as that of electric railway companies, are to be in a position to avail themselves of each new development of the art they must be able not only to earn existing operating expenses and pay a fair return upon their invested capital, but also to

earn a sufficient surplus to provide for new contingencies.

Probably no other one factor has contributed more to the comfort and convenience of American life than the street railway. And it is desirable that this development go on.

But we are at the parting of the ways. It is evident that in many communities a five-cent fare cannot continue alone to bear the burden of conditions with which we are now surrounded. Shall the street railway business continue to bear the burdens of its fixed charges and mounting wages, mounting taxes, both direct and indirect, while meeting the necessity for new capital and the return thereon, or shall the burden be borne jointly by the street railway companies and the communities which they serve?

The public must have adequate facilities and it must have them at reasonable prices. How can that service be given in the most effective manner? The ultimate aim is to plan so as to secure the greater efficiency which comes from private operation, together with the economies in obtaining capital which come from public participation in financing.

Probably the most interesting experiment so far undertaken in approaching the whole matter of local transit along novel lines is the contract adopted by the City of New York for the building of the so-called "Dual System" of subways and elevated roads.

In order to understand the real meaning of the contract undertaken in New York it ought to be kept in mind that it means as much to a city to have a wisely laid out, thoroughly built and successfully operated system of city transportation as it does to the nation to have a proper means of national transportation for its development, and, in time of war, for its defense.

Up to the present time, in this country, we have developed our public utilities with private capital.

But while the city has a many-sided interest in an efficient and satisfactory transportation system the capital which provides these facilities, is necessarily impersonal and can have regard only to the return which is earned upon that capital and the promise which is afforded of the safety of the investment.

The foregoing facts can lead only to the conclusion that the interests of the local community and the interests of persons who have money to invest are so interwoven that the financial responsibility for the result should likewise be inter-

woven. And this doctrine underlies the scheme embodied in the New York contract.

To carry out the Dual Subway plan the investment of stupendous sums of money—sums altogether without precedent in municipal transportation—were called for.

Some idea of the magnitude of the task can be gathered from the fact that it was estimated that \$337,000,000 new money would have to be expended to provide the system which the City of New York would require.

Under the scheme adopted, the City of New York undertook to supply about \$171,000,000, all of which should be devoted to construction work on lines to be owned by the city. The railway corporations involved were to provide \$166,000,000.

It is interesting to note that in addition to the above the City of New York had already invested about \$56,000,000 in existing subway construction, and the Interborough Rapid Transit Company had invested about \$48,000,000 in equipment for the same lines.

When the Dual System is completed, therefore, there will have been expended in new development upon rapid transit lines in New York City since 1900 about \$441,000,000—an amount almost equal to the capital

stock of the Pennsylvania Railroad Company. The system will have cost more than the Panama Canal.

In order that the amount to be provided by the private corporations could be obtained upon fairly easy terms from the money market it was arranged that the securities representing the interest of the City of New York should be junior to the private investment.

In order to avoid an actual guarantee on the part of the city upon the private investment, it was arranged that there shall be a so-called "preferential payment"; that is, the private corporation shall have the first payment from the net earnings up to a certain limit of return. If the corporation in any one year doesn't earn its return, the deficit shall be made good in subsequent years with interest.

After the preferential return has been earned upon the private investment in the property, the investment of the city is then entitled to a similar return out of the remaining net earnings, after which further earnings are divided equally between the company and the city.

This is a form of real partnership between the city and the company; it affords an attractive proposition to private investors and at the same time assures to the city the benefits derived from the increased travel resulting from its growth.

While this at first glance may sound as though it

puts the city at a disadvantage, as a matter of fact such is not the case, because the city gets its return in other most important directions—distribution of population, healthful surroundings for its citizens, increased taxable values in outlying territory and other advantages. Only in case it should develop that there are not sufficient earnings from the transportation standpoint—an improbable supposition—to pay the preferential payments plus the return on the city's investment, will the public, or the public's representatives, be obliged to decide whether the rate of fare should be increased so as to bring in a direct return on the city's junior investment, or whether that should be waived and the deficit be paid by the taxpayers.

In arriving at the distribution of gross earnings we took into consideration:

1. Adequate "maintenance," which means keeping up the property in good physical condition after it has been brought up to a good physical state;
2. Adequate "depreciation," which means setting aside funds to replace in kind the property as it wears out; and
3. Adequate "obsolescence," which means the setting aside of a fund in order to replace obsolete equipment with up-to-date equipment.

It seems to me that this plan embodies principles which are capable of extension. Through it utilities will be able to get the private capital which they need and the community will enjoy benefits from any unusual profits which may accrue from the enterprise.

The evils of political management and operation are avoided. The maximum efficiency ought to be produced.

In the foregoing I have attempted to set forth a plan of co-operation which could be developed between every city and the public utilities which operate in it. Such a plan cements the relationships between the company and the citizens of the community through its government.

The ideas just developed have a significant bearing on the problem of the national railroads.

We have shown that the local administration of New York City, headed by William R. Willcox, Chairman of the Public Service Commission, and George McAneny, Chairman of the Special Committee of the Board of Estimate and Apportionment, had the vision to see and the courage to plan and carry out a system which was recognized as uneconomic

from the viewpoint of immediate transportation returns on the investment, but justifiable from the broader viewpoint of development of territory, with increasing tax returns, growth of industries, better and healthier living conditions, cheaper living—in short, greater health, wealth, happiness and comfort of our citizens.

May we not hope for a similar vision on the part of our National Administration at Washington, for similar wisdom in planning and courage in constructing a system of national transportation which may not at first earn full return from transportation receipts on the money advanced by the Government for terminals, yards, shops, etc., etc., but which will indirectly pay by giving the Nation a system equal to any demand which may be put upon it?

Compare the billions now needed to the millions which would have sufficed if the attitude of the Government had in former years been helpful instead of almost wholly restrictive. Contrast the policy which first stopped all new construction of railroads, then stopped construction of new facilities on established lines of railroad, and finally reduced maintenance charges until even the Pennsylvania Railroad had to skimp. Compare the condition of the roads—as it would have been if the Government had encouraged and allowed them to earn enough to attract capital

necessary to continue the policy of expansion all along the line—with their present crippled condition, with war-time demands piling upon them in volume never before approached.

Let us consider this railroad problem in the same way the Dual System problem was considered, using the same terms for each. Treat this three-year average, which the Government grants, as a preferential, subject to such readjustment in individual cases as is necessary to be fair; and then let the Government supply the money necessary for all the improvements made after June 30, 1917; and, because of its many and different benefits, treat that as a junior lien on the property. If, when the war is over, it is thought wise to continue this partnership relationship in developing new transportation lines, or adding to facilities on existing lines, both as to construction and equipment, let private capital contribute in the proportion that will insure a fair return out of transportation earnings—to be treated as a preferential payment—the Government to furnish the remainder, and the Government again, because of its many and indirect benefits, to treat its contribution as a junior lien to be paid out of earnings; and after the Government has been made whole then a division of earnings on the basis of the proportion that private capital bears to Government capital in each proposition.

The railroad traffic map of the country is now divided into zones for rate-making purposes. In a modified way this same arrangement can be extended to cover physical operation, with the supreme authority lodged in a Board of Management at Washington, composed of:

The U. S. director of each zone ;
Representatives of private security-holders ;
Representatives of the Government's investment ;
Representatives of labor.

This board should be presided over by some one designated by the President.

With such a management, designed to unify and co-ordinate direct private operation, the ill effects of unrestricted competition will be overcome. It will also bring about scientific distribution of the use of the rails and minimize all lost motion.

This plan will insure a proper protection to private investors ; it will secure for the Government part of the profits of the railroads ; and for the country all the benefits of personal enterprise and initiative which come from private operation.

And let this treatment be extended to all railroads and not to a selected number of "war roads."

What are war roads? Are they not all the roads that are confronted with these war-time demands? Are you going to limit the term to those which handle only troops or those which handle munitions as well

as troops? Are you not going to include those that handle supplies—coal, iron and products of the forest consumed in the manufacture of army supplies? Are you not going to also add agricultural products which feed the men that do the work? Where are you going to draw the line? Where is there a railroad not doing its duty, either big trunk line or small road? There is none.

And now may we digress for a moment in regard to the policy of Government price-fixing. It is very important to keep in mind the fundamental desideratum, namely: that the price be fixed on a basis that will encourage production.

Any system of regulation or of Government control, if it is going to be really effective, must have regard not so much for what it can get out of the already existing wealth as to how it can best promote the production of more wealth.

Therefore, any system of price-fixing should have in mind not only the price which will give a reasonable return, but a price which will be a positive stimulus to a greater output.

Under no circumstances can any institution, government or otherwise, expect to foster enthu-

siasm on the part of the producer if prices are established so low that they will barely cover the cost of his production, without making provision for the depreciation of his plant or the consumption of his reserves.

There are two thoughts in mind in regard to price-fixing. First, that the Government should fix prices so fair that they would not only encourage the large producer to continue his production at its maximum, but would encourage him to go further and open up new properties. Second, prices should not be so small that the small owner who could not produce as cheaply as his larger competitor would be driven out of business. If fair prices are fixed on the basis that will stimulate production all along the line and Government will agree that they are going to adhere to these prices, the big owner will be encouraged to employ more capital for new development, and the smaller one will not be driven out of business.

If the small producer makes a fair amount and the large producer makes a larger amount, the difference is paid back for the most part to the Government in excess profit taxes until the larger returns are reduced down to the normal again. In this way both large and small plants will be encouraged to a maximum production.

There is another and special relationship affecting the transportation problem, both local and national, which should receive our attention without delay. This is the relationship between the companies and their employees.

In the comparatively recent past there have been vast, and even kaleidoscopic changes in the relations of labor and capital. Oftentimes these changes have taken place before some of us even sensed their true significance, and certainly they were not always intelligently met.

The economic philosophies of labor and capital—especially in the last two decades—have, most of the time, been at great variance. Much strife has resulted, involving enormous economic loss, which has fallen most heavily upon the shoulders of labor. This, in turn, has had the tendency of further intensifying distrust. In the heat and fury of controversy fundamental truths were lost sight of. So we have gone on and on under the pressure of things, dealing with effects and neglecting causes.

We must first correctly diagnose the trouble and then apply the remedy.

What have been the main causes of our industrial unrest? Looking back over a score of years

one finds many that led to discord. The responsibility for some lies at the door of Capital and some at the door of Labor.

These are things for which, directly or indirectly, Capital is responsible:

1. In the period of organizing big business, and the amalgamation of small units of industry into a large unit came new methods of scientific industrial organization, with high-salaried managers. The close personal relationship which had obtained during the days of small business, when owner and employe worked side by side, in full sympathy with each other's aims and ambitions was changed.

All admit now, I think, that as a general proposition the captains of industry failed miserably in fostering the human relationship, and unquestionably many iniquities crept into the treatment of labor. To my way of thinking, the human relationship—or rather lack of it—strikes at the very root of the industrial unrest we witness.

2. During the past 20 years there has been a marked increase in our national wealth. Great fortunes have been made. Brains, initiative, and capital, like labor, are worthy of their hire. All are essential to production. But it is not so much how little one has as how much others have that causes discontent; for, after all, everything in this life is relative. So out of this accumulation of fortunes grew the feeling

that the distribution of increased national wealth was unfair. This stirred up envy and jealousy, not only between owner and employes, but between managers and employes. Force was not infrequently resorted to in the settlement of controversy, rather than calm, sound reasoning.

3. With increased wealth came increased industrial and commercial activity. With this came increased immigration; and with the alien came the spirit of socialism. Here, again, we found sources of discord.

4. Through legislative enactments, state and national, the functions of government have become greatly enlarged. These increased governmental activities have entailed an additional administrative expense. Taxes—municipal, county, state and national—have grown by leaps and bounds. But labor, with its increased income, found itself not so well off as in the days of smaller pay, because of the fast changing economic conditions. This also added fuel to the fires of discontent, which capital was slow to perceive and attempt to quench because it had not been kept fully advised by those in direct charge of operations.

5. With mounting wages, in a country already having the highest wage in the world, came the necessity of devising new machine processes to reduce the cost of production in order to hold our place in the markets of the world. American ingenuity rose to the occa-

sion. Then came the great influx of inventions, all of which, to the workman's interpretation, presaged, ultimately, reduced wages, and reduced work; and there was no organized effort on the part of capital to disabuse labor's mind of these fallacies.

6. Then came the era of the efficiency engineer. It is obvious today, however, that many of these efficiency experts were "long" on time studies and mechanical motion, but decidedly "short" in their knowledge of human nature. The introduction of piece work, bonuses and other similar methods as a means of increasing production was, in many cases, carried too far in speeding operations to a point of physical exhaustion. This brought on more discord.

Recognizing these changing conditions, labor became restless and fearful. The cause of unionism grew to a position of great power. Capital had not been throughout this period as solicitous of the welfare of labor as it should have been. True, this injustice was not intentional. There had been no time to consider each other's problems. But, encouraged by its many victories in the preliminary skirmishes, labor, backed by public opinion, pressed its advantages to what at times seemed the breaking point, until now, I believe, both labor and capital recognize the fact that the point has been reached in our industrial life where it behooves both to "stop, look and listen."

Some of the concessions gained by labor were

just and humane. Some are economically unsound, detrimental to society and, therefore, must be modified or recalled if we are to hold our place in the sun as a nation in the commercial world.

At all times I should like to have it understood that I am making no excuses for capital. It has made many mistakes and is now reaping the harvest. But what you and I and all society are interested in is to see that capital does not continue its mistakes and that labor, with its new-found power, does not make the same mistakes that capital has made. It is time for both to stop and take inventory before industrial chaos overtakes us.

What is the situation of to-day? In the income and excess profits taxes, with their exemption limitations, is shown the tendency to make business and large incomes pay the increasing expenses of government.

In the exemptions from taxation labor is well protected. On the other hand, labor is demanding and receiving large increases in pay for the same amount of work. Thus, business is being financially drained at both ends.

According to recent newspaper reports, govern-

ment employes are demanding more pay for the same amount of work, which, if granted, will, we are told, add approximately \$100,000,000 to the annual budget. The American Federation of Labor is pledged to assist them. This increased outgo will have to be met largely by additional taxes on business and individual incomes.

Upon assuming control of the railroads the government added to its payrolls, at least theoretically, 1,500,000 employees. These are all organized and demanding wage increases up to 40 per cent. of their present compensations for the same amount of output. We are told that at least part of this increase will be granted. Thus, counting railroad employees as Government employees, approximately one-fifth of the adult voting population of the United States is in a fair way of having their compensation considerably increased. This, likewise, will have to be met by taxes on business and incomes above the average under the present order of things.

How long this can continue without readjustment of our industrial affairs I do not presume to say, but that uncertainty is already with us is evidenced by the fact that the taking over of the railroads for Government operation under Government guarantee as to returns on securities, was accepted approvingly not only by the employees, but by a very large majority, apparently, of the stockholders and

bondholders. All seemed anxious to procure their compensation from the treasury of the United States rather than to take their chances on the ability of the independent companies to meet their fiscal obligations as things were going.

What does all this mean? It means, if our democratic institutions and form of Government are to endure, labor and capital must get together and work out their joint salvation. Many of the destructive and uneconomical statutes now on the books must be repealed. Labor and capital, working hand in hand, must see to this. There must be a more equal division of profits and sharing of responsibilities and obligations by labor and capital. Production must be increased. To restrict the output of labor reduces our productivity and diminishes our wherewithal to compensate labor, hence the limitation of production is premised on an economically wrong principle.

Labor leaders should recognize this fact, for it weakens the workman and robs society. This does not mean that we should advocate speeding up to the limit of individual endurance, or that labor should be continued to the point of exhaustion. It means only that there should be no voluntary shirking.

It means at a time such as this, when there is more work to be done than there is labor to do it, that many uneconomic and unsound stipulations, heretofore writ-

ten into labor's contract, should voluntarily be rescinded for the benefit of all.

The experience of the management of the Interborough Rapid Transit Company, operating the subway and elevated roads, and the New York Railways Company, operating the principal system of trolley roads in New York City, in meeting these problems may be of value.

A long time ago we realized that only through complete harmony with our men could either they or we fulfill our obligations to the public. True, we had established a system of sick and death benefits and old age pensions; we had provided stores where food was supplied at cost; we had granted passes to wives or other female heads of employes' households; we had provided restaurants, bathrooms, reading rooms and rooms for other recreation; we had encouraged sports, entertainments and the like—but plainly it was not enough.

There was still lacking the machinery for a full, free and personal exchange of business views between us. We recognized the handicap men were under in dealing as individuals with the company.

With a deep confidence in the good will of the men, we took steps to encourage the establishment

of a means of business communication under which the disadvantage the men were under would disappear.

In response to our suggestion—offered solely in a spirit of mutual helpfulness—the Interborough and New York Railways Company employees, by secret ballot, organized brotherhoods of their own.

They are very real organizations. Through their delegates, representing all departments, they have secured numerous benefits, among them very large wage increases, reductions of hours and the like.

Our experience with these Brotherhoods teaches us that labor is just as patriotic as capital—it is just as intelligent and it regards its contracts as sacredly. I believe if we come together intelligently and fairly and discuss any problems that may arise, each with the other, the results will be fair and just to both.

And the men are loyal. They realize that our prosperity is their prosperity. Only recently one of our motormen, in a meeting, said: "I yield to no man connected with the Interborough company, be he officer or director, in my loyalty and pride in the financial success of the organization. We do not want to work for a thing we do not take pride in. Why? Not only because we can hold up our heads, but because the company that is successful can provide every safeguard for the protection of its

employees, which companies not successful cannot do."

We had made a wage contract some little time before, when participation in the war by the United States was not thought of. The war resulted in a tremendous increase in the cost of living. But these men came to us and said:

"We do not ask to change our contracts. They were made in good faith by you and by ourselves and the basic terms are right, but there is something you did not foresee and we could not foresee—this tremendous cost of living. We will bring the facts to you—affidavits from wives—that from the wages of some of us it takes every dollar for absolute necessities, leaving nothing for amusements and the amenities of life. We only ask what can be done in this situation?"

We did not change the contracts, but we are giving bonuses during the period of the war, not because of the contracts, but in fairness to the men.

So much for the Interborough and the New York Railways. We now know by experience that the results of frank discussions of our joint problems with our men have not only been satisfactory up to

the present time, but are full of hope for the future; and we believe that the same close, frank and sincere relationships will result as satisfactorily when established on a national scale as they have been with us.

There has been a reluctance on the part of some employers to discuss the labor question for fear of misinterpretation of motives. In my opinion the time has been reached when this subject, which bears vitally not only on our industrial salvation, but on the successful conduct and termination of the war, should be considered frankly and fairly. It is a duty both labor and capital owe to the Nation. All cards should be placed on the table. This is no time for concealing motives and ideas. This is no time for furthering personal ambitions. This is no time for partisanship, political, industrial or social. This is no time for incompetency. But it is the time for American resourcefulness, efficiency, generous co-operation, and a steadfast purpose and willingness to give our all, to entrust our lives, our fortunes and our honor to the most expert and wise leadership available in this great struggle for democracy. This only spells 100 per cent. Americanism.

Ours is a tremendous responsibility, but win this war we will! The hope of victory does not depend on munitions, chemistry, cannon, transportation, troops, labor or capital. It depends on brains—the

ability successfully to co-ordinate all these elements; intelligently to marshal, lead and direct, and, as there is great cumulative force in collective thinking, the brains of labor and the brains of capital must combine in an unselfish, supreme, harmonious effort, not only for the achievement of the noble purposes and principles as laid down in the terms of peace dictated by President Wilson, but also that they may be the better prepared for the great industrial struggle which is bound to follow the termination of the present conflict.

We are confronted with new world problems. Every thinking man must realize that we are going through a worldwide social revolution. While the reports from certain sections are full of fears and forebodings, we have an abiding faith in the intelligence of our own people; a faith that the patriotism, the sense of honor and the loyalty of our workmen as a body is of such strong fiber that no matter what strain is put upon them, if they are met in that same spirit by the other elements of our citizenship the result will be the creation of a national spirit that will aid the progress and welfare of the world.

The old order changeth giving place to new, and we cannot but believe that in our country the leveling process will be upwards and not downwards.



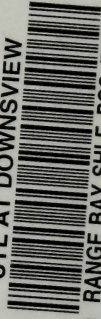
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